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# **Shipping Documents in International Trade**

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Shipping Documents in International Trade

By Dr. Dušan Závada.

A number of special publications provide, it is true, detailed information and instructions regarding shipping documents, but substantially they are concerned only with a survey of the particular regulations of the individual countries in a form making them more accessible. None of these frequently very compendious handbooks, however, attempt to abstract from this mass of paragraphs the features that are common to all the various documents. Only by defining conceptions, by ascertaining underlying legal principles, by marking the substantial requirements, preliminary conditions and aims, by differentiating the individual categories and by elucidating the technique and the meaning of legalisation is it possible to arrive at a more complete knowledge and mastery of the entire problem. Moreover, from the standpoint of systematics it would also certainly be an advantage if, for example, the features of certified invoices were with real thoroughness elaborated in the general part; in the text which deals with the import regulations of the individual countries of the British Commonwealth, it would not be necessary as hitherto, to repeat the same matters in the case of Australia, Canada, the Union of South Africa, etc., but it would suffice to cite only exceptions or special features. The handbook would be in this way reduced in size while its informative character would be enhanced.

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Work in export trade does not end with the giving of an order or with the securing of an order - although this is certainly the most important phase in foreign trade - but it only then begins, even if responsibility for the actual production of the goods ordered does not as a rule fall on the shoulders of the exporter.

The carrying out of such a transaction - even though in the end it is only a matter of the dispatch of the goods on the one hand and payment for them on the other - touches, in contradistinction to transactions in home trade, upon a whole series of public and private interests and encounters technical difficulties caused by long distances, all of which must be satisfactorily solved to enable a transaction to be realised. The evidence that these requirements have been satisfied is found in the form of various documents currently designed as shipping documents /in the widest sense of the word/. They are the basis for the dispatch and transport, customs clearance and the release of imported goods for free circulation in the importing State, and also /and this not in the last place/ for the payment of the goods or for their subsequent sale, perhaps even during transport.

Certain documents convey title to the goods to which they refer and can be used to transfer the ownership of the goods. Among these documents that rank as securities, are bill of lading, delivery order and warehouse receipt. With these documents as with other

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transport and insurance documents we shall not deal in detail, since they are adequately explained elsewhere, and detailed and reliable information about them can be obtained of forwarding and insurance concerns.

In these lines we shall devote attention first and foremost to shipping documents in the narrow sense of the word, these being documents that practically always certify some fact of importance from the angle of the import regulations of the country of destination, and are therefore a kind of "identity card" for exported goods showing that they have complied with this or that demand laid upon them in respect of import. This attempt to define their substance and importance will perhaps be a certain help for the practical exporter, for in this connection it has not been possible to regard this material - in view of its scattered character and of the excessive particularism in import regulations - as adequately elucidated up to now.

Up to the present, concentrated attention has not been devoted to these various shipping documents often of a minor character, although no consignment for abroad is practically thinkable without some of them. The one exception to this lack of attention is perhaps provided by the Geneva Convention on the Simplification of Customs Formalities of the year 1925 x/, which deals with a number of them but solves the problem from the general point of view only. The reason why the solution does not go to the root of the matter is to be found in those very varied interests and demands of both public and private nature which come into conflict at the moment when the import of goods to any particular country is under discussion.

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 x/ To this Convention there adhered: Australia, Belgium, Burma, Brazil, Bulgaria, Czechoslovakia, China, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, India, Irak, Italy, Lebanon, Luxembourg, Morocco, the Netherlands /including the present Indonesia, Surinam, Curacao/, New Zealand including West Samoa, Norway, Poland, Rumania, Siam, Sweden, Switzerland, Syria, Tunis, The Union of South Africa, the United Kingdom with the Colonies, Protectorates, etc., Yugoslavia.

Czechoslovakia did not adhere to this Convention until 1927 /Law No. 40 of that year/, for the customs legislation taken over from the former Austro-Hungarian Empire provided no suitable basis for adherence to and carrying out of that agreement. It was therefore necessary to await the new codification of customs regulations which was not elaborated until 1927.

### Commercial Invoice

**LEGAL BASES:** The majority of countries possess no legal rules as regards commercial invoices. On the other hand, however, some countries have such regulations with the object of restricting the incorrect statement of the prices of goods that are subject to ad valorem duties, or separating the actual selling price of goods from freight and other charges, and finally of preventing the so-called dumping.

**DEFINITION:** A commercial invoice is a document addressed to the consignee in which the consignor gives him detailed data regarding the goods supplied and at the same time indicates the sum that he has to pay for the goods within the time-limit specified in the invoice. The commercial invoice is in reality a document evidencing the fulfilment by the consignor of his obligations under a contract. It does not, however, as a rule, bestow any legal title to the goods /insofar as it is not paid and receipted/ and is not negotiable.

**CONTENTS:** A commercial invoice embodies the following details: Date of making out the invoice, its number, often also the code marking of the consignment, the name and address of the consignee, reference to the order or pro forma invoice, and as a rule also the manner of consignment /with an indication of who is paying the charges, with a risks clause/, the markings, quantity and numbers of the individual parcels, the total quantity of goods, their description and precise designation, price per unit and for the entire quantity, and freight, insurance and other outlay if not already included in the prices themselves /it depends on how the consignor and consignee have agreed in this matter/ and possibly commission and other deductions, together with a statement regarding date of payment and various other clauses /with the exception of a clause concerning the competence of a court/, signature /the signature of the firm is not explicitly necessary/, sometimes a signature of the consignee's agent or assignee, and finally a designation of the annexes accompanying the invoice. As regards the frequently used terms "S.E. and O.", or "E and O" /salvo errore et omissione- errors and omissions excepted/, it may be said that they have relatively little or no significance from the legal point of view. They are to be regarded rather as an excuse expressed in advance for possible mistakes.

If exported goods are paid for by letter-of-credit it can be demanded that the invoice should be receipted. In general the data embodied in the invoice must in detail comply with the conditions laid down in L/C; they must of course always tally in every respect with the bill of lading, insurance policy and consular invoice where this last-named is necessary.

**PURPOSE:** The invoice is thus a document in which the seller presents a statement of the fulfilment of his obligations towards the buyer; as a rule he sends two copies of the commercial invoice to the purchaser, each by a different route. The invoice has, however, as evidence of a business transaction importance too for a//payment of the letter-of-credit, b/ customs clearance, and

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c/ sometimes for statistical purposes and the like. It is therefore made out in many copies /often as many as 10 or even more/.

- a/ The bank receives with the other documents at least two copies of the commercial invoice either for the purpose of paying the L/C or of seeing to encashment in the case of P/D.
- b/ Customs authorities as a rule demand two copies of the invoice for clearance purposes, for they provide data concerning the quantity and the price of goods that are necessary for the assessing of customs duty. In countries which require consular invoices several copies of the commercial invoice are demanded as a rule. On the other hand, the countries of the British Commonwealth do not as a rule demand commercial invoices where certified invoices are prescribed.
- c/ For statistical purposes some of the Latin American countries require a copy of the commercial invoice. In this case they stipulate that this copy shall be marked "para estadística" /for statistical purposes/.

**LEGALISATION:** A commercial invoice need not be legalised in the case of consignments destined for British countries, for the majority of European States and for a whole series of American countries that prescribe a consular invoice.

Legalisation by the appropriate consulate or chamber of commerce is necessary for consignments to France, Italy, Lebanon, Syria, Salvador, Argentina, Bolivia, Brazil, Ecuador, Honduras, Cuba, Nicaragua, Panama and Peru.

The text of legalisation is for the most part a declaration that the commercial invoice is genuine and correct, that the prices given in it are current selling prices at the place of dispatch, and that the goods originate in the country of dispatch. Independent of the cases just enumerated, legalisation in the wording above quoted /or other text/ may of course be prescribed in the terms of L/C which must naturally be fulfilled to enable the goods sent to be paid for.

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### Consular Invoice

**LEGAL BASES:** Consular invoices are dealt with in the Convention for the Simplification of Customs Formalities which provides in Article 12 that consular invoices shall not be required unless they be necessary for the purpose of ascertaining the origin of goods in cases in which origin might have an influence on the conditions upon which the import of goods is permitted, or for the purpose of determining the value of the goods in case of ad valorem duty, for which purpose a commercial invoice would not suffice. The form of consular invoices was to be simplified so as to restrict all complications and difficulties and to facilitate the making out of these documents by the relevant trade sector. Charges for visas on consular invoices were to be fixed as low as possible. Not more than 3 copies of one and the same invoice were to be required.

In view of this attitude of the Convention towards consular invoices it is not surprising that of the countries that demand a consular invoice on the import of goods, only two States, Brazil and Uruguay, adhered to the Convention.

In addition to this, of course, the institution of consular invoices is adjusted by very detailed special regulations laid down by each particular country that prescribes their use.

**DEFINITION:** Consular invoices are one of the shipping documents which certain countries demand /always alongside a commercial invoice/ on the import of goods, and for the most part for customs reasons. They are of a strictly prescribed form and content and must be visaed by a consulate of the importing State.

Such invoices are required by Argentina, Bolivia, Brazil, Colombia, Cuba, Dominica, Ecuador, Haiti, Honduras, the Philippines, Nicaragua, Panama, Paraguay, Peru, Porto Rico, Uruguay, U.S.A. and Venezuela.

**CONTENTS:** A consular invoice as a rule embodies the same facts as a commercial invoice, and alongside them a series of further details like the name and nationality of the ship which is to carry the consignment, the port of loading and the port of destination, and the like. These invoice are made out in 3 to 10 copies on prescribed forms which it is frequently possible to obtain only from the relevant consulate or diplomatic authority. They may be made out in some world language, but sometimes only in the language of the country of destination, while in some cases it is even required that the designation of the invoiced goods shall answer strictly to the nomenclature of the customs tariff of the importing country. Altogether the greatest care is to be devoted to the filling up of a consular invoice, since inexact statements or often a mere lack of care in the filling up has generally the result that fines are imposed on the importer.

**PURPOSE:** A consular invoice is first and foremost a declaration by the consignor of the value of the consignment, and an enumeration of all reductions, deductions allowed and the outlay spent



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on it. It therefore as a rule contains a declaration, sometimes in lieu of an oath, not only as to the truth of the data it embodies but also of the fact that there exists no other invoice for the consignment in question giving a different description of the goods or stating other prices for them. Consular invoices serve as a basis for the levying of customs duties: countries which require consular invoices have all a customs system based on ad valorem duties. In addition to this, consular invoices may also serve for the assessment of taxes and for statistical purposes.

**LEGALISATION:** Consular invoices - and usually in cases in which they also include a certificate of the origin of the goods - are also legalised by chambers of commerce. As is to be seen from their name, they must always be submitted for legalisation either to a consulate or to the consular section of a diplomatic office of the importing country. The consulate keeps a certain number of copies partly for its own records and partly for sending to the appropriate authorities /for example, customs, statistical offices, etc./ in its country. The other legalised copies will be sent by the consignor to the importer who submits them to the customs office on clearance of the goods. If the importer does not receive these documents in good time /that is, not later than the time of the arrival of the vessel carrying the goods/, he is as a rule heavily fined. Supplementary amendments of consular invoices are possible, but generally consular fees are charged in such case. No erasures or the striking out of words or figures are allowed.

If the importing State has no consulate in the consignor's country, the legalisation is carried out by its consulate in the country where the goods are placed on board ship. x/ Otherwise

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 x/ If a consulate without local competence carries out the legalisation, and insists strictly on the observance of precedence, the legalisation in such cases can be very complicated, for a consulate with local competence does not possess any signature forms from the Czechoslovak Chamber of Commerce on the basis of which it could carry out legalisation. The facts which it has to certify are not known to it, and it has itself no possibility of examining their truth. Thus, for example, the Ecuador Consulate in Amsterdam /In Prague there is no Ecuador Consulate/ can ask that the legalisation of documents for a consignment from Czechoslovakia be carried out by the Ministry of Foreign Affairs representing Czechoslovakia to the outside world. As, however, the Ecuador consulate in Amsterdam is locally competent only for Holland, and thus has no signature forms of Czechoslovak Ministry of Foreign Affairs, it can ask that the visa of the Ministry of Foreign Affairs be attested in its turn by the Dutch Legation in Prague thus making the document valid in Holland. The Amsterdam Consulate is now competent to legalise this document. /This example is, of course, merely a theoretical one/.



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substitute legalisation takes place which may be carried out, for example, in the following different ways /in so far as the country concerned has adopted or recognized them/:

- a/ legalisation is carried out by the consulate of a friendly State, or by the consulate of a State entrusted with the protection of its interests /for example, U.S.A. for Colombia, or Salvador for Nicaragua/;
- b/ legalisation is carried out by the Ministry of Foreign Affairs /Ministry of Foreign Trade/ which as a rule requires in advance a certificate from the Chamber of Commerce /case of Venezuela/;
- c/ legalisation may be effected by a notary-public at the port of loading /U.S.A./;
- d/ in the place of legalisation there is entered on the invoice a clause to the effect that it has not been possible to effect legalisation for the reason that the country of destination has no representation in the country of dispatch. For instance "Por falta de representación consular de Cuba en Checoslovaquia no pudo ser legalizado", which the Chamber of Commerce can certify.

**FEES:** For legalisation high fees are often charged which, particularly in the case of small consignments, may be out of proportion to the value of the exported goods. If honorary consulates effect legalisation, they often ask only for reimbursement of actual outlay, the real legalisation fees being paid by the importer.

**VARIOUS TYPES OF CONSULAR INVOICES:** There are over 20 different printed forms of consular invoices /Cuba alone for example prescribes three kinds: No. 1 for textiles, No. 2 for spirits and mineral waters, and No. 3 for other goods /which differ substantially from one another, particularly in outward appearance, even if the contents though variously formulated, are in the long run approximately similar. They vary in size and sometimes in colour, some are numbered by means of a paging machine, others bear the country's coat of arms or even a revenue stamp of the importing country. These circumstances as well as the fact that some countries charge high prices for these printed forms, leads to this or that State not allowing them to be freely printed and distributed. On the other hand, Argentina, Brazil, the Philippines, Paraguay, Uruguay, U.S.A. and Venezuela allow them to be freely printed. Thus the Chamber of Commerce of Czechoslovakia issues them, in addition to which it sees to it that the Czechoslovak Export and Import Companies have also in hand the other printed forms for the purchase of which from foreign consulates it does everything it can.

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Certified Invoice, Combined Certificate  
of Value and of Origin, Customs Invoice.

**LEGAL BASES:** Customs invoices are based on the customs regulations of the various dominions, colonies and territories of the British Commonwealth. They have been introduced not only for trade contacts with foreign countries but are used also in mutual trade relations where, in pursuance of the Ottawa Agreement, preferential customs tariffs are in force.

**DEFINITION:** A certified invoice is as a rule a document that takes the place of a commercial invoice and serves first and foremost for the assessment of ad valorem duties on the import of goods to the countries of the British Commonwealth of Nations with the exception of the United Kingdom and Ireland.

**CONTENTS:** Customs invoices must be couched in a certain specified text, but in contra-distinction to consular invoices it is not essential to use official forms. Anyone can have the forms printed or may have them typewritten or written by hand, if preferred, on a firm's notepaper.

A customs invoice embodies the following details: Place and date of making out, general indication of the goods, the name and address of consignor and consignee, manner of transport and the number of the relevant order. In the various columns the following data are entered: country of origin, marks and numbers, quantity and description of the goods in the relevant commercial nomenclature, the current market value of the goods in the currency of the exporting country at the time and place of dispatch in condition for consignment /from this value no discount, reduction, abatement, or other deduction may be made than is currently recognized and allowed in the home market/, the selling price to the British purchaser in the currency in which the transaction was concluded, while under the actual text must be enumerated the category and amount of expenses and fees laid out on the goods, with a statement as to whether they have been included in the current home prices.

On the reverse there appears a certificate of the value and origin. The seller first of all declares that he is authorised to sign the certificate and that he certifies as facts known to him that the invoice is correct throughout and the statement of prices complete and true, and that between him and the purchaser there exists no agreement for granting any reduction, abatement or bonus outside the scope of the invoice, and further, that the goods have been either wholly or in part produced or manufactured in the country of dispatch. He adds the date to the declaration and signs it together with a witness who need not be either a notary-public or any other public functionary.

A certificate of origin is filled in especially if the goods are imported from another British territory that has a right to customs-free import or customs clearance under reduced preferential

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tariffs. In the case of goods from non-British countries, or of non-British origin even though from British territory, it is not possible to apply preferential tariffs, and therefore the filling in of the declaration of origin is unnecessary /with the exception of consignments for Australia, where between preferential and general tariffs, intermediate tariff rates apply to those countries with which Australia has concluded tariff agreements. The same is the case with Canada.

**PURPOSE:** Certified invoices serve, like consular invoices, for the customs clearance of goods: the customs rates of the countries of the British Commonwealth are very largely based on duties assessed ad valorem. For this reason several of these countries do not require goods which are perhaps subject to specific duties /according to number, weight, gallons, units, etc./ to be accompanied by certified invoices; other countries, however, in such a case demand certified invoices.

Certified invoices are usually made out in triplicate: two copies are sent to the customer or his representative for the purpose of customs clearance. The third copy is retained by the importer for his use. It is not as a rule required that certified invoices be sent to the forwarding agent who looks after the transportation of the goods.

Even if it happens that many customs offices clear goods of non-British origin on the basis of certified invoices made out on printed forms intended for other territory, it should nevertheless be the endeavour of an exporter to make out his certified invoices on the correct forms which answer to all the requirements of the importing country in question and its customs offices. It must not be overlooked that British countries - perhaps because they trust their subjects more and have no interest in making legalisation a lucrative source of revenue - do not cling unduly to formalities and in general do not penalise their non-observance, of course which certainly contributes to facilitate and accelerate the conduct of the trade.

**LEGALISATION:** In the case of customs invoices it suffices if they are certified by a witness who need not be a notary-public or other public functionary; it is enough if he is competent to figure as a witness on ordinary commercial documents. Frequently, however, the conditions of a letter-of-credit stipulate for certification by a chamber of commerce, and this condition must of course be fulfilled.

#### VARIOUS TYPES OF CERTIFIED INVOICES:

Canada in consequence of somewhat divergent regulations requires the use of several kinds of customs invoices:

- M.B.: British-Preferential Tariff
- N.B.: Ditto-/Goods on consignment/
- N.A.: Intermediate Tariff /Goods on consignment/
- M.A.: Treaty or Convention Rates
- M.: General Tariff
- N.: General Tariff /Goods on consignment/

and this, as is apparent, not only with regard to British or non-British origin, but also, and this particularly, with regard to

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whether the goods have been sold prior to shipment to a Canadian importer, or merely sent on consignment. An indication of this circumstance is required also by Australia which, however, has no special forms for this purpose.

In practice some 20 kinds of customs invoices come into consideration which differ from one another only in some details. This does not mean of course, that it is necessary to employ a special printed form for each country /though this case occurs; for example, Nyasaland/ since one form may be used for several countries /for instance Kenya, Uganda, Tanganyika and Zanzibar/. As the printed forms have a fairly long text the copying of which on a typewriter or by hand would mean a big loss of time, certain publishers specially concern themselves with the printing of these forms and closely follow all changes of regulations made by the different countries. They make the necessary alteration in the text of the printed forms and inform their customers about them. In Czechoslovakia these forms are issued by the Chamber of Commerce of Czechoslovakia which at the same time gives all those interested full information regarding documents that accompany consignments.

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CERTIFICATES OF ORIGIN.

LEGAL BASES: The institution of certificates of origin is based on international provisions, but especially on prescriptions issued by the country of destination and partly by the country of origin.

1./ As regards international adjustment, it is necessary to cite first of all

a/ the international Convention of 3rd November 1923 for the Simplification of Customs Formalities, which laid down that customs formalities were to be restricted to a minimum, and as regards certificate of origin that this document should be required in the least possible number of cases /Art.11/.

b/ In addition to this, certificate of origin may be introduced between different countries by virtue of commercial treaties, as is the case for example with Czechoslovakia and Turkey /Law No.54 of the year 1947/.

c/ For trade contacts where it is not possible to apply either the Convention for the Simplification of Customs Formalities or the provisions of trade agreements between individual countries, international trade usages apply. This category consequently includes the majority of countries that require consular invoices in the case of import, and are mostly not parties to the above-mentioned Convention.

2./ From the point of view of internal policy it is necessary to bring international norms /apart from recognized trade usages in international commerce/ into the legal sphere of the individual countries. This is done in particular

a/ by adhering to the Convention for Simplification of Customs Formalities, and by promulgating it. Thus, for example, Czechoslovakia adhered to that Convention only in 1927 /Law No.40 of the year 1927/.

b/ by the publication of commercial treaties or agreements in which the duty of submitting certificates of origin is laid down in the manner prescribed in the two countries concerned.

c/ finally each country settles, or may settle, the question of certificates of origin by rules of its own, doing so in particular from the standpoint of its import policy. In Czechoslovakia this has been done by the Customs Law No.114 of the year 1927, and the regulations for carrying out that law /No.162 of the year 1927/. In addition to this it is, however, necessary to lay down in concrete fashion who is authorized to issue certificates of origin. In our case this was done by Government Ordinance No.306 of the year 1948 concerning the transfer and lapse of the competence of the chambers of commerce and industry where, in par. 2, it is provided that the competence of the former chambers of commerce and trade insofar as concerns foreign trade shall pass on 1st January 1949 to the Chamber of Commerce of

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Czechoslovakia. As a consequence, legalisation of certificates of origin is carried out by the Czechoslovak Chamber of Commerce, Prague I, U Obecního domu 3, and its branch offices in the following towns: Bratislava, České Budějovice, Gottwaldov, Jablonec, Karlovy Vary and Náchod.

In addition to that, however, Czechoslovak diplomatic and consular offices abroad have the right to legalise certificates of origin.

The conditions for carrying out the actual legalization agenda are fixed separately. /Decree of the Ministry of Trade No. 79.359/38/II/F of August 11, 1938 regulating this matter is already obsolete in several respects.

The competence of foreign institutions, offices and organizations for the issue of certificates of origin in their country is fixed in a similar fashion. Most frequently this agenda is entrusted to chambers of commerce though it may be to other institutions, as for example, federations of industry, economic groups, associations of exporters, exchanges, etc. or even public authorities, such as customs offices, administrative authorities, and so on.

The authorities competent to legalise certificates of origin had formerly to be notified to the League of Nations which then published an appropriate announcement in its "Communiqué au Conseil et aux Membres de la Société." After the second World War these announcements ceased, and a register of the authorities competent to legalise certificates of origin is kept by the European Office of the United Nations - Economic Commission for Europe /Transport Division/.

**LEGALISATION FEES:** Certificates of origin are as a rule made out in duplicate on general forms which can be obtained from the Chamber of Commerce of Czechoslovakia or of any of its branch offices, for Kčs 2.- each. The legalisation of one set costs Kčs 15.-.

According to Notification No. 224 of 30th December 1947, published in the Collection of Laws and Ordinances of that year, promulgating an amended scale of fees for official services by Czechoslovak diplomatic and consular authorities, the fee under Item 6 for a certificate of origin amounts to 1/2 % of the amount appearing in the invoice of the consignment, but not less than Kčs 30.- in the case of authorities in Europe and Kčs 60.- in the case of Czechoslovak diplomatic and consular authorities in non-European countries, with a maximum of Kčs 1500.- and Kčs 3000.- respectively, provided of course the country of destination does not charge higher fees. † countries

**DEFINITION:** A certificate of origin is a document that confirms whence goods originate. The Convention of the Simplification of Customs Formalities does not contain a precise definition of a certificate of origin, but in principle admits all documents used as evidence of origin of goods.

**NECESSARY CONDITIONS:** As a rule, certificates of origin are made out in the country in which the goods originate. It is possible,



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hower, in certain cases to certify the foreign origin of goods, and in these cases the text of the certificate has to be amended accordingly.

According to the practice currently recognized in the international trade/a reglex of which may be seen in § 6 of the Statutory Enactment Order to the Customs Law /it is possible to certify as originating in this country goods which have been imported from abroad /for example in the form of industrial raw material, crops, or even semi-manufactures and finished goods/, but which have here been processed or improved in such a manner that they have assumed another character or have undergone a considerable change in value /as the margin of change in value of commodities the level of approximately 50 % may be adopted. But in this respect views on the matter in the various countries may differ/. Mere repair or adjustment of goods would not, of course, suffice.

Where goods are concerned, the origin of which it is not possible to ascertain,, and of which it is otherwise shown that they are, or have been for a considerable time in free circulation and have been subjected to adjustment and changes / domiciled goods/, it would be possible perhaps to issue a certificate of origin suitably worded.

**PURPOSE:** In view of hhe fact different customs tariffs may be applied to the import of one and the same commodity / for example conventional or preferential duties as compared with autonomous duties/ it is necessary in such cases to prove whwnce the goods come if theyare to enjoy a more favourable treatment in customs clearance: without proof of origin the autonomous rate would be applied. A certificate of origin need not always, however, be wanted merelyfor customs clearance. Often, however, the certificate is demanded merely under the conditions of a letter of credit, the conditions having to be fulfilled before the letter of credit can be honoured. In a period of international conflicts and the like, the certificate of origin does excellent service in transport and in general in the handling of goods, and is therefore frequently made use of in such cases.

**ESSENTIALS:** Except in exceptional cases it is possible generally to use the common form which carries a Czech-Englisch-French or Czech-Spanisch text. The text must include the following details: name and address of the consignor, name and address of the consignee, the marks, numbers, packing and quantity of pieces, a preciselist of contents, and statement of gross and net weight.

As a rule the price of goods need not be stated in a certificate of origin, exnept in cases where the importing country explicitly requires it /for example France/.

### Specification.

Specification is a detailed description of the individual items of which an invoiced consignment is composed, irrespective of whether the goods are packed in one or more cases, etc.



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A specification is often used as an annex to commercial invoice x/ which then need not comprise particulars of the goods consigned. This document is employed in taking out insurance, in customs clearance and taking over of the goods, etc. It naturally also facilitates the prompt drawing up of business accounts. As regards the signature on the specification the same remarks apply as to the invoice, and in special cases the signature may similarly be required of the buyer's authorised representative or the person appointed to take the delivered goods.

### Packing List

This is a detailed list of the goods, comprising the individual items with appropriate description, statement of weight, etc. packed in a single case or other type of packing or unit of consignment.

The goods are packed in accordance with the packing list, one copy of which is usually packed with the goods. Any difference between the packing list and the actual contents may result in a fine for the consignee.

The packing list is of importance for insurance, customs clearance, as well as for checking up on the goods by the consignee.

### Certificate of Disinfection

Some countries for fear of exposure to various crop pests and infection prohibit the use of straw, hay or other material of vegetable origin for the packing of goods unless such consignments are accompanied by a certificate issued by the appropriate organ of the public health service to the effect that the packing material before being used was properly disinfected. Such a certificate should state precisely the method of disinfection employed /for instance by a formaldehyde solution/.

If a consignment is not accompanied by such a certificate, the disinfection is carried out prior to customs clearance at fumigation stations at the cost of the consignor or consignee.

### Sanitary Certificate /B.A.I. Certificate/

The import of live stock, of meat and of meat products involves the risk of introducing pernicious diseases. For this reason a certificate is currently required issued by some competent veterinary body to the effect that the animal or meat, etc. has been subjected to thorough veterinary inspection and has been found free from evidence of communicable disease, and that in the place from which it comes no case of zoonosis has occurred.

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x/ but also to orders, contracts, etc.

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In the case of cattle and solipeds a separate certificate must usually be provided for each animal.

Some countries stipulate that these certificates must, prior to the importation, be superlegalized by a diplomatic or consular authority.

#### Phytopathological Certificate

To prevent the introduction of various plant diseases and pests every country as a rule requires that consignments of agricultural produce, live plants and parts thereof shall be transported in new, hitherto unused packings, and accompanied by phytopathological certificates. This document must be issued by an official phytological institute of the exporting country, and it must declare that the exported produce, etc. is free of any infection, and that in the place from which the produce comes no case of infection or the presence of pests has been ascertained. /For example, potato canker, vine louse, etc./

If a consignment is not accompanied by such a certificate the customs office will - as a rule - refuse to clear the consignment.

#### Certificate of Analysis

In the case of goods where external features ascertainable by means of weighing, etc. are not decisive for fixing the quantity of the goods, this may be ascertained by analysis showing their composition. Thus, for example, the carrying out of an analysis is required not only in the case of various chemical products as a proof that they contain specific elements and ingredients, or impurities only to the extent agreed upon, but also in the case of steel and many other materials.

Analyses are carried out by various test stations and laboratories of public or private character. In the latter case it is necessary for the parties to agree as to who shall make the analysis, or the buyer shall determine this point.

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Quality Certificate

A document of this kind certifies the quality of goods /generally in the bulk/ in a specific consignment or comprised in a particular order, or the like, on the basis of the taking of a sample. Such a certificate is issued for example by professional research stations, exchanges or chambers, etc., in which cases the certificates have the character of official documents binding on both parties.

The purchaser may, however, himself entrust a certain person or firm taking over the goods to ascertain the quality of the goods.

The contents of the certificate are similar to those of a certificate of sampling.

Conditioning Certificate

On the export of wool tops and yarns conditioning lists are essential for every consignment, since these goods are not sold according to actual weight but according to invoice weight, that is dry weight plus 18.25%.

Such a certificate of the invoice weight of wool is issued by special bodies /for example, Conditioning House at Bradford/, various test stations, etc. that simultaneously weigh, or press and pack consignments of combed wool and yarns.

Certificate of Strength

On the import of spirits the production may be required of certificates of strength made out by the appropriate institutions of the exporting country.

As such a certificate is used as the basis for fixing the alcoholic strength of imported spirits and liqueurs which is decisive for the assessment of customs duty - the matter is really one of the Applications of Article 13 of the International Agreement on the Simplification of Customs Formalities - it is assumed that these conditions

a/ are regulated by contract. For example, in the supplementary agreement to the Commercial Treaty between the Czechoslovak Republic and France /Law No. 45 in the Czechoslovak Collection of Laws and Ordinances of the year 1932/, there is given a specimen of this Certificate /comprising the following data: name of exporter, name of importer, quantity and size of bottles, alcoholic strength, and type of consignment/ with the note that a list of the institutions authorized to issue this Certificate will be notified;

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b/ often issue directly from the given relations between the importing and exporting countries, as is the case for example between Great Britain and India, when on the import of spirits /of foreign provenance/ from Great Britain the presentation of a certificate issued by the British Customs authorities may take the place of a test of the imported spirits.

#### Certificate of Age

A Certificate attesting the age of spirits is required on import, for example, to Canada, New Zealand, etc. for whisky, brandy and rum.

#### Certificate of Sampling, Inspection Certificate

The Customs offices of some countries conduct clearance on the basis of samples taken from the imported goods /for example, ores on import to U.S.A./, for it is necessary to ascertain certain of their properties /state of moisture, composition, etc./ in the Customs laboratories. The Customs authorities take and select the samples themselves, but sometimes they content themselves with the production of a verified commercial sample duly drawn by an authorized sampler and accompanied by a certificate stating when, where, from what goods, and perhaps from what units of a consignment the sample has been taken, how it is marked, and certifying that the proper procedure in taking the sample has been observed.

Foreign and overseas buyers too, through their representative, an official sampler, or a private concern that does this work professionally, frequently have a sample taken or the quality of the goods ascertained or examined prior to dispatch.

#### Certificate of Count

This document certifies the accuracy and quantity of a consignment as regards the number of its parts or units.

#### Weight Certificate

A certificate of the correct weight of a consignment may be made out by the organs of public administration, of ports, docks, exchanges, storages, and finally even special private concerns that occupy themselves professionally with this work. In Czechoslovakia a duplicate of the railway freight bill, which gives the

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officially ascertained weight of the consignment, is often used in place of a weight certificate.

A Weight Certificate is required by the buyer or his bank as evidence of ascertainment of the actual weight of a consignment /usually at the port of loading/. It may, however, also be required under the import regulations of the importing country /for example, India requires it for all consignments of paper/.

### Certificate of Manufacture

This document is of wholly recent date, having come into being during the War when the shortage of tonnage and the most varied restrictions or prohibitions in railway traffic considerably limited, if they did not make wholly impossible, the transport of goods for which there was a big demand, while industry was engaged first and foremost in war output. The seller could, for this reason, require that the goods be paid for /by letter of credit, by cheque, or in cash/ on a declaration that the goods were made and were ready for dispatch. In this way the seller shifted a further risk on to the shoulders of the purchaser.

In 1942 the American Bankers Association for Foreign Trade recommended for this purpose the following uniform text:

We hereby certify that the attached invoice dated ....., our No. ...., covers material which has been manufactured and set apart for your account and risk at /location/.

This simple document practically replaced, for payment of L/C, all shipping documents, the making out of which the seller could not ask for until later.

The Certificate of Manufacture is of course conditioned by the special interests of the buyer. Its use will therefore be appropriate if demand exceeds supply or if it is a matter of goods manufactured according to special instructions from the person ordering them /from the buyer/.

### Non-dumping Certificate

For the protection of a country against dumping, certificates of non-dumping are required, when certain types of merchandise or products are imported. Such a certificate has to confirm that the invoice value of the goods corresponds to the fair market price or value of such goods when sold for home-consumption and discounts or other reductions are the same as those granted on similar quantities sold for consumption in the country of origin.

Some countries have respective regulations prescribing the exact contents of this certificate.

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### Certificate of Dispatch

In cases in which the moment of loading goods on board ship or of handing them over for transport is decisive for the validity of an import licence, the Chamber of Commerce will certify the time at which the consignment was handed over. Such certificates must frequently be visa-ed by the relevant consulate.

### Certificate of Force Majeure

This document certifies that the exporter is not to blame for the fact that the time-limit for delivery has not been duly observed. A distinction is to be made between cases of Act of God under international law and customs and cases which have been designated in advance in the contract for supply as cases of force majeure /Vis Major/.

These certificates are made out or legalised by the Chamber of Commerce and if necessary superlegalised by the appropriate consulate.

### Miscellaneous Certificates

In addition to the above documents the following are required from case to case:

- Declaration on the method of processing goods,
- Declaration on sugar content,
- Declaration on prices or value of goods
- Certificate of the impossibility of due fulfilment of a contract for reason other than vis major,
- Despatch certificate,
- Certificate of customs clearance,
- Certificate of due arrival of goods or their availability for domestic consumption.

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### General Competence of Chambers of Commerce in Issuing Various Shipping Documents

Trade associations organised in the field of foreign trade, among them chambers of commerce in particular, issue a whole range of various certificates which are currently accepted and recognized in international trade contacts. Competence in these cases may be deduced from the following facts and conclusions:

1. The broadest basis in this connection is provided by international trade customs which represent the maintenance for a certain time of something for which there is no explicit legal basis but against which there is no objection. In international trade contacts such customs have general and universal application, insofar as the relevant matter is not regulated by international treaties or inter-governmental agreements. It would therefore be contrary to the nature of trade customs to consider them as something unchangeable and rigid; they are continuously evolving as practical life demands.

2. The competence of chambers of commerce insofar as concerns the issue of certain documents required in the sphere of foreign trade is laid down in various international conventions, and particularly inter-governmental agreements. It is interesting to note that not in every case is the precise form and contents of these documents stipulated, but that this is sometimes left to the chambers themselves which are allowed a certain discretion in this regard:

3. Chambers of Commerce are, under various internal regulations /for example, customs prescriptions/ authorized in the case of imports to issue various expert opinions, confirmations, and the like, both in the country of origin and in the country of destination, a procedure which contributes inside both countries to the respecting of certain principles that, as it were, coordinate by analogy the legal rules applicable in the two spheres. That is to say, the reflex of the principles applicable for import apply also to export, for every transaction in foreign trade must always have an import and export side. Thus arise trade customs, and the process is supported and strengthened by the fact that a whole range, if not the majority, of countries allow of the same principle in their mutual contacts.

4. The circumstance too, that the signatures of persons authorized to sign documents on behalf of the Chamber are as a rule notified to the diplomatic and consular authorities of foreign States contributes, from the technical angle, to legalisation carried out by Chambers of Commerce being recognized in international relations. On this is based the fact that these authorities, even in less current matters, recognize straightaway legalisation by Chambers without demanding preceding legalisation by a department or authority representing the State to the outside world.



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5. Finally, it cannot be overlooked that Chambers of Commerce operating in the sphere of foreign trade issue their certificates in contradistinction to ordinary internal organisations of the State - in foreign languages, so that there is no need for an official translation with the resulting certifications, such as would be essential to give documents validity within the exporting country an international force.

#### Efforts to Reduce the Number of Shipping Documents.

As early as 1923 the Convention for the Simplification of Customs Formalities called not only for a reduction in the number of shipping documents but also for a reduction of the fees and formalities connected with their issue and legalisation. It must be admitted, however, that the terms of this Convention to which a considerable number of countries did not adhere /principally those that demand consular invoices/ have not been, and are not, in practice carried out.

As this state of affairs has been no small obstacle to the expansion of foreign trade, fresh efforts have been made to secure a remedy, the International Chamber of Commerce being the principal spokesman in this matter. The furthest step in this direction was made at the Congress of this body held at Montreux in June 1947. In view of the fact that the interests of the buyer, the seller and the forwarder must in international trade be safeguarded by documents that, according to law, will determine ownership and right of payment, and that government organs need documents that will serve as a basis for the assessment of customs duties and for the compilations of statistics, it was decided to pass a recommendation that the following documents should be sufficient for all purposes:

- a/ transport document,
- b/ commercial invoice,
- c/ packing list /when necessary/,
- d/ manifest /for sea and air transport/.

As far as possible these documents should be standardized and designed to provide all data required by governments, consignees, consignors, and banking, transportation and other agencies. Sufficient copies of these documents should be prepared to meet the reasonable requirements of all parties concerned.

a/ Transport document is the basic document of carriage. /It is not without interest to note that no direct reference is made here to a through bill of lading/. A bill of lading is negotiable, and the possibility of setting up a negotiable air consignment note should be examined; in certain cases such a document would avoid delays due to present-day formalities and documents required for air carriage which deprive this means of transport of the speed which is its principal advantage.

In addition, for sea and air transport a manifest would come into consideration, drawn up by the carrier, as distinct from the other documents which are drawn up by the shipper. The manifest supplies a description of the contents of each consignment.

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b/ A commercial invoice of standardized form should be designed to include all essential data, not appearing on the packing list, which are required by consignors, consignees, government authorities and other agencies in any way concerned with the shipment. Data on the packing list should supplement those on the commercial invoice and therefore both documents should be stapled together.

It is believed that a commercial invoice form of size not more than 11 inches /27.94 centimetres/ in width which will fit into a standard typewriter, will be large enough. The sheet can be any length to meet actual needs. The invoice should comprise the following data: name of seller /consignor/, purchaser /consignee/, place of destination, person to be notified, means of carriage used, carrier, flag, port /place/ of exportation, of transshipment, of discharge, port of entry /customs clearance/, No. and date of bill of lading, export and import licence, insurance policy, country of origin, terms of sale, terms of payment, number and kind of packages, their marks, net, legal and gross weight, quantity and nature of the goods, price per unit and total price.

The headings of commercial invoices should be in French, English and Spanish, and the invoices filled up in one of these three languages. A shipper cannot be expected to know the language of all the countries with which he does business, and if he attempts to use a language with which he is insufficiently acquainted the result is often mistakes and heavy fines.

The customs declaration made by the shipper or his agent in the language of the importing country would provide sufficient means of control for the officials of the importing country.

c/ The data contained in the packing list are usually important for preparing other documents. As a rule these data supplement those on the commercial invoice, so that both these documents should be stapled together before being submitted to those governmental or private agencies which require information contained on both of them.

The Montreux Congress of the International Chamber of Commerce also recommended the abolition of consular invoices, certificates of origin, consular visas and other, legalisation, the transit manifest, the document for statistical purposes, the abolition of regulations requiring the shipper to classify his goods according to the customs tariff of the importing country, the shipper to be exempt from making declarations of value other than those appearing in his contract, the introduction of metric weights and measures exclusively in international trade, abolition of the obligation to place marks of origin on packing used solely for carriage, adoption of an international set of rules for the tonnage measurement of ships, abrogation of import, export and exchange controls, and facilities for customs clearance.

The recommendations of which there were 12 in all were submitted in October 1947 by the International Chamber of Commerce to the United Nations Organisation for consideration by the Social and Economic Council and the Transport and Communications Commission. The Transport and Communications Commission discussed the matter preliminarily in April 1948, and the Economic and Social

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Council in July and August 1948. The matter was classified according to its nature, and it was found that the problem concerned in the main the following organisations: the Inter-Governmental Maritime Consultative Organisation /IMCO/, The International Civil Aviation Organisation /ICAO/, and the International Trade Organisation /ITO/, which is to be set up. It is of course a question when this organisation will be established, as up to now only Liberia has ratified the Havana Charter without reservations.

At the request, then, of the Transport and Communications Commission, the Economic and Social Council asked from the United Nations member States an opinion on the individual recommendations after examining the conventional /automatic/ measures, compatible with the principles of Charter, directed towards simplifying customs formalities and other formalities connected therewith, which represent obstacles to international trade and transport. /In the meantime, however, another Congress of the International Chamber of Commerce has been held - at Quebec in June 1949 - at which a resolution was adopted entitled "Invisible Barriers to Trade and Travel". This Congress has extended the whole problem by proposing - in contradistinction to the Montreux Congress which had suggested the convoking of an international conference - that a national committee set up in each country and composed of representatives of business circles and the relevant authorities should discuss the matter with special reference to the Havana Charter, the General Agreement of Customs Duties and Trade, the Convention for Simplification of Customs Formalities of 1923, etc. Besides this, it has been recommended to set up an international committee composed of independent experts from business and governmental circles for the purpose of elaborating uniform international regulations.

In answer to the request of the Economic and Social Council opinions have been received from 17 countries, namely: Afghanistan, Australia, Belgium, Canada, Czechoslovakia, Denmark, Egypt, France, India, Iran, New Zealand, Norway, Pakistan, Union of South Africa, the United Kingdom, the United States of America and Sweden.

On the whole it may be said that the Governments of these countries agree in principle with the recommendations of the International Chamber of Commerce, in some cases, of course, with reservations. The United States, for example, points out that it must require consular invoices as U.S. laws prescribe them. New Zealand, again, demands special customs invoices coupled with certificate of origin, customs declaration, sanitary certificate, etc. The generally favourable attitude of these countries is nothing more or less than the expression of a long cherished desire for the abolition of consular invoices and other shipping documents which are frequently not required except for weighty reasons. Among the countries, however, which insist on the submission of these documents, only the United States expressed an opinion, and that of course, with reservation.

Translated from the "Zahraniční obchod" /Ministry of Foreign Trade Weekly/ No. 43, 44, 45, 46, 47 and 48/1950.

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Summary of Shipping Documents

This summary applies only to consignments of freight /other regulations may apply to postal and air consignments/ and gives only the most fundamental data concerning the shipping documents that are required in all circumstances. The summary does not cover special cases in which further documents are required /apart from the fact that in an individual case the letter of credit may stipulate for numerous other documents/. This applies in particular to Latin Amerika.

Abyssinia: 2 commercial invoices.

Afghanistan: 2 commercial invoices and 2 certificates of origin.

Albania: 2 commercial invoices in which country of origin is stated.

Argentina: 3 legalised commercial invoices and 4 consular invoices.

Australia: 3 custom's invoices.

Austria: 2 commercial invoices.

Belgium: 2 commercial invoices.

Bolivia: 3 legalised commercial invoices and 5 consular invoices.

Brazil: 4 legalised commercial invoices and 5 consular invoices.

Bulgaria: 2 commercial invoices.

Burma: 3 commercial invoices.

Chile: 5 legalised commercial invoices of prescribed contents.

Colombia: 4 commercial invoices and 4 consular invoices.

Costa Rica: 6 commercial invoices /non-legalised/ of prescribed contents.

Cuba: 5 legalised commercial invoices and 6 consular invoices.

Denmark: 2 commercial invoices.

Dominican Republic: 3 commercial invoices and 5 consular invoices.

Ecuador: 4 legalised commercial invoices and 6 consular invoices.

Egypt: 2 commercial invoices and 2 certificates of origin.

Finland: 2 commercial invoices.

France: 2 legalised commercial invoices.

Great Britain with N. Ireland: 2 commercial invoices.

Greece: 2 commercial invoices and 2 certificates of origin.

Guatemala: 3 legalised commercial invoices and 3 certificates of origin.

Haiti: 2 commercial invoices and 7 consular invoices.

Honduras: 3 legalised commercial invoices and 5 consular invoices.

Hungary: 2 commercial invoices and 2 certificates of origin.

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Iceland: 2 commercial invoices.  
India: 2 commercial invoices and 2 certificates of origin.  
Indonesia: 2 commercial invoices.  
Iran: 4 legalised commercial invoices and 2 certificates of origin.  
Iraq: 3 commercial invoices.  
Ireland: 2 commercial invoices.  
Israel: 4 custom's invoices.  
Kenya and Uganda: 3 custom's invoices.  
Lebanon: 3 legalised commercial invoices.  
Liberia: 5 legalised commercial invoices.  
Luxembourg: 2 commercial invoices.  
Mexico: 5 commercial invoices /non-legalised/ of prescribed contents.  
Netherlands: 2 commercial invoices.  
New Zealand: 3 custom's invoices.  
Nicaragua: 6 legalised commercial invoices and 6 consular invoices.  
Nigeria: 3 custom's invoices.  
Norway: 2 commercial invoices.  
Pakistan: 2 commercial invoices and 2 certificates of origin.  
Panama: 5 legalised commercial invoices and 5 consular invoices.  
Paraguay: 2 commercial invoices and 4 consular invoices.  
Peru: 4 legalised commercial invoices and 4 consular invoices.  
Philippines: 4 consular invoices.  
Poland: 2 legalised commercial invoices.  
Portorico: 4 consular invoices.  
Portugal: 2 commercial invoices.  
Roumania: 6 legalised commercial invoices.  
Salvador: 8 legalised commercial invoices of prescribed contents.  
Saudi Arabia: 4 commercial invoices, in which country of origin is stated.  
Siam: 2 commercial invoices.  
Syria: 3 legalised commercial invoices.  
Sweden: 2 commercial invoices.  
Switzerland: 2 commercial invoices.  
Transjordan: 3 commercial invoices.  
Turkey: 2-5 commercial invoices and 3 certificates of origin.  
Union of South Africa: 3 custom's invoices.  
Uruguay: 2 commercial invoices and 4 consular invoices.

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United States: 4 consular invoices.

Venezuela: 4 commercial invoices, 4 consular invoices and  
2 certificates of origin.

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